```html
<!DOCTYPE HTML PUBLIC "-//W3C//DTD HTML 4.0 Transitional//EN">
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xmlns:w="urn:schemas-microsoft-com:office:word"
xmlns="http://www.w3.org/TR/REC-html40">

<head>
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<meta name=Generator content="Microsoft Word 9">
<meta name=Originator content="Microsoft Word 9">
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href="./Smith%20Ex%20Parte%20to%20Dunleavy%20%20Rural%20Universal%20Service_file
s/filelist.xml">
<!--[if gte mso 9]><xml>
 <o:DocumentProperties>
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  <o:LastAuthor>WWC User</o:LastAuthor>
  <o:Revision>2</o:Revision>
  <o:TotalTime>1</o:TotalTime>
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</xml><![endif]-->
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     font-family:"Times New Roman";
     mso-fareast-font-family:"Times New Roman";}
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     text-underline:single;}
a:visited, span.MsoHyperlinkFollowed
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     text-decoration:underline;
     text-underline:single;}
span.emailstyle17
     {mso-style-name:emailstyle17;
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     mso-hansi-font-family:Arial;
     mso-bidi-font-family:Arial;
     color:windowtext;}
@page Section1
```

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div.Section1
      {page:Section1;}
-->
</style>
</head>

<body lang=EN-US link=blue vlink=purple style='tab-interval:.5in'>

<div class=Section1>

<p class=MsoNormal><b>From:</b> Joan Smith </p>

<p class=MsoNormal><b>Sent:</b> Thursday, January 15, 2004 12:43 PM<br>
<b>To:</b> Thomas J Dunleavy<br>
<b>Cc:</b> Carl Johnson; 'Rubin, Mark'; Jim Blundell; Greg Diamond<br>
<b>Subject:</b> Ex Parte: Rural Universal Service</p>

<p class=MsoNormal><span style='font-size:10.0pt;font-family:Arial'>Dear
Tom,</span></p>

<p class=MsoNormal> </p>

<p class=MsoNormal><span style='font-size:10.0pt;font-family:Arial'>Apologies
for using e-mail but I thought it might be easier than phone tag. (I hope you
are doing ok in the blizzard.  We just had one.)</span></p>

<p class=MsoNormal> </p>

<p class=MsoNormal><span style='font-size:10.0pt;font-family:Arial'>As you may
know, I thought long and hard about consulting after I left the
commission.  I decided to help Western Wireless and the Competitive
Universal Service Coalition on issues before your Joint Board because the
issues continue to be very important to me. Encouraging competition and making
sure universal service support is being used effectively are two of them.
 (You may recall meeting one coalition member, Greg Diamond of Nextel
Partners last year in New York.  You already know Jim Blundell of Western
Wireless.)</span></p>

<p class=MsoNormal> </p>

<p class=MsoNormal><span style='font-size:10.0pt;font-family:Arial'>Today I
want to give you a perspective on restricting universal service support to the
customer&#8217;s primary line.   In the past few years since TA96
states
have been setting up their own Universal Service Funds.  I was there when
Oregon did.  Oregon receives no support for Tier I carriers and only a
modest amount for rural carriers.  The legislature determined we needed
additional funds.</span></p>

<p class=MsoNormal> </p>

<p class=MsoNormal><span style='font-size:10.0pt;font-family:Arial'>The
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Commission and stakeholders struggled with the same issues you face on the
Joint Board. We <u>rejected</u> restricting support to residential and
small business primary lines. I wish I could tell you there was some huge
philosophical reason. There wasn’t. The cost of trying to certify
which
line was the primary line far outweighed the cost of the additional support
necessary. And that was before there were significant CLECs in the
marketplace. We did spread the costs over as many entities as the FCC
would allow. There was no public outcry.</p>

<p class=MsoNormal> </p>

<p class=MsoNormal>There was,
however, a very interesting unintended consequence. By supporting all
lines Oregon supports advanced services. Many customers used a second
line for the internet and for faxes. DSL is just emerging in the rural
markets as is cable modem service. If the customer had to pay the full,
unsupported price of additional lines, it is unlikely that customer would have
made the investment in both the line and the service.</p>

<p class=MsoNormal> </p>

<p class=MsoNormal>Wireless
carriers represent choice and flexibility in the rural marketplace. That
choice will bring a new level of efficiency to all carriers as they all
compete. That will allow competition to flourish because carriers can
compete on price and service. No carrier will have the singular advantage
of support not available to competitors. Rural customers deserve a choice
that is comparable to their urban counterparts.</p>

<p class=MsoNormal> </p>

<p class=MsoNormal>We are
advocating for no line restriction. In this case the additional cost is
outbalanced by practical considerations and the benefits of choice and access
to advanced services in rural America.</p>

<p class=MsoNormal> </p>

<p class=MsoNormal>Thank you
for your consideration.</p>

<p class=MsoNormal> </p>

<p class=MsoNormal>Best
regards,</p>

<p class=MsoNormal> </p>

<p class=MsoNormal><span style='font-size:10.0pt;font-
family:Arial'>Joan</p>

</div>

</body>

</html>